




BUDGET MEMO # 24

DATE: April 12, 2013

TO: The Honorable Mayor and Members of the City Council

FROM: David Hodgkins, Assistant City Manager/Director of Finance

THROUGH: Robert Sisson, City Manager 

SUBJECT: HB 2313 Transportation Funding Bill Update

Background

This budget memo is a follow-up to Budget Memo #19. Councilman Stombres requested verification of HB 2313's requirements as they relate to the 30% locality allocation as provided in the Northern Virginia revenue component of the bill.

Summary of Findings

The additional revenue generated for Northern Virginia will result from the state imposing an additional state sales tax of 0.7%, an additional 2.0% state transient occupancy tax, and an additional state recordation fee equal to \$0.15 per \$100 of the value of the real property for which the deed, instrument, or writing is being recorded. The additional revenues are deposited into a Northern Virginia Transportation Authority Fund, with 30% of the funds being distributed to the member localities for use on transportation projects, and the remainder to be used for regional transportation projects. The 30% allocation, in its entirety, will be distributed to the individual localities provided that locality imposes its commercial/industrial (C&I) tax at the maximum rate of 12.5 cents per \$100 of assessed value (or dedicated an equal amount of revenue from an alternate source). A locality's maximum 30% annual allocation will be reduced, dollar for dollar, for any amount that locality dedicates for qualified transportation/transit projects below the amount which a 12.5 cent C&I tax would have generated (see attached). The revenue allocated to each jurisdiction may be used for (1) capital improvements that reduce congestion and (2) costs related to transit (i.e. CUE expenses, capital and operating). Verification of this information is based on the review of the final legislation, and collaboration with the Department of Rail and Public Transportation, Fairfax County Department of Transportation, the Vice Chair of the Transit Service Advisory Board and the City Attorney.

HB 2313 Transportation Funding Bill
30% Allocation of Regional Component
Potential Annual Impact Based on C&I Tax Rate Imposed (or other revenue source)

State Funding (City's 30% potential Allocation):

State Sales Tax (0.7%)	2,100,000
State Transient Occupancy Tax (2%)	105,000
State Recordation Fee (\$0.15 per \$100)	<u>180,000</u>

Total - State Funding **2,385,000**

City Generated Tax Revenue:

Commercial Industrial Tax (7 cent increase)	<u>1,288,000</u>
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Total Additional Funds Available **3,673,000**

Qualified Proposed FY 2014 Expenditures:

Transfer to Transit Fund (CUE)	666,826
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City's 30% Allocation based on C&I Tax Rate Imposed:

C&I Tax Rate:

<u>Cents</u>	<u>C&I Tax Revenue</u>	<u>State Funding Allocation (30%)</u>	<u>Total Funds to be Received</u>	<u>\$ reallocated to NVTA</u>
1.0	\$ 184,000	\$ 269,000	\$ 453,000	\$ 2,116,000
2.0	368,000	453,000	821,000	1,932,000
3.0	552,000	637,000	1,189,000	1,748,000
4.0	736,000	821,000	1,557,000	1,564,000
5.0	920,000	1,005,000	1,925,000	1,380,000
5.5	1,012,000	1,097,000	2,109,000	1,288,000
6.0	1,104,000	1,189,000	2,293,000	1,196,000
7.0	1,288,000	1,373,000	2,661,000	1,012,000
8.0	1,472,000	1,557,000	3,029,000	828,000
9.0	1,656,000	1,741,000	3,397,000	644,000
10.0	1,840,000	1,925,000	3,765,000	460,000
11.0	2,024,000	2,109,000	4,133,000	276,000
12.0	2,208,000	2,293,000	4,501,000	92,000
12.5	2,300,000	2,385,000	4,685,000	0